TAX TREATIES
BETWEEN DEVELOPED
AND DEVELOPING COUNTRIES

Eighth report

UNITED NATIONS
Department of International Economic and Social Affairs

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AND DEVELOPING COUNTRIES

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Report of the Group of Experts on Tax Treaties between
Developed and Developing Countries
on the work of its eighth meeting

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CONTENTS

Chapter | Page
---|---
INTRODUCTION | 1

I. FINALIZATION OF THE UNITED NATIONS MODEL DOUBLE TAXATION CONVENTION BETWEEN DEVELOPED AND DEVELOPING COUNTRIES | 3

II. FUTURE WORK ON INTERNATIONAL TAXATION | 7
   A. The problem of international tax evasion and avoidance | 7
   B. International co-operation to combat tax evasion and avoidance | 7
   C. Suggestions for action | 10
INTRODUCTION

1. At its eighth meeting, the Group of Experts on Tax Treaties between Developed and Developing Countries undertook its work against the background of Economic and Social Council decision 1976/14, in which the Council requested the Group of Experts "to complete its consideration of a draft model bilateral convention at its eighth meeting in 1979" and requested the Secretary-General to provide it with that draft in 1980.

2. The eighth meeting of the Group was held at Geneva from 10 to 21 December 1979 and was attended by the following members: A. H. E. Amissah (Ghana); W. H. van den Berge (Netherlands); Maurice Hugh Collins (United Kingdom of Great Britain and Northern Ireland); accompanied by B. D. Kent; Jean-François Court (France); José Daniel Diniz (Brazil), accompanied by Maria Christina Albernaz de Andrade; Mordecai S. Feinberg (United States of America); J. A. R. Felix (Sri Lanka); Antonio H. Figueroa (Argentina); Simcha Gafny (Israel); Shigeysoh Genjida (Japan); Thomas Menck (Germany, Federal Republic of), by Florenz Hund; Efren Plana (Philippines); M. M. Qureshi (Pakistan); Avtar Singh (India); Gilberto Urrutia Vistoso (Chile); Max Widmer (Switzerland) and Ahmed Zarrouk (Tunisia).

3. The meeting was attended by observers from the following countries: Austria, Belgium, Finland, the Republic of Korea and Spain.

4. The meeting was also attended by observers from the following international bodies and organizations: the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the International Chamber of Commerce (ICC) and the International Fiscal Association (IFA).

5. The Group unanimously re-elected A. H. E. Amissah and W. H. van den Berge as Chairman and Vice-Chairman. Jean Causse, Senior Economic Affairs Officer in the Fiscal and Financial Branch of the Department of International Economic and Social Affairs, served as Secretary of the Group and Ms. Toni Robinson, a member of the United States of America branch of the International Fiscal Association, served as Deputy Secretary of the Group. Stanley Surrey, Professor at Harvard University (United States of America), served as Special Adviser.

6. The Group set up a seven-member Drafting Committee composed of six members of the Group and one member of the United Nations Secretariat. The members of the Drafting Committee were the following: Maurice Hugh Collins (United Kingdom of Great Britain and Northern Ireland); Jean-François Court (France); José Daniel Diniz (Brazil); M. M. Qureshi (Pakistan); Avtar Singh (India); Max Widmer (Switzerland) and J. Pierre V. Benoit, Head, Fiscal and Financial Branch, Department of International Economic and Social Affairs, United Nations Secretariat.

7. At the opening of the eighth meeting, the Group was addressed by the Head of the Fiscal and Financial Branch of the Department of International Economic and Social Affairs of the United Nations Secretariat. Referring to the sudden death on 30 August 1979 of Mr. Hamzah Merghani from the Sudan, who had been a member of the Group since its inception and its Chairman at several meetings and had also been at one time a member of the United Nations Secretariat, he said that
Mr. Merghani would be remembered by the members of the Group and his former colleagues in the United Nations Secretariat for his outstanding personal qualities as well as his great technical expertise. That expertise, combined with Mr. Merghani's skill in guiding the Group's discussions and in working out compromise solutions acceptable to all concerned, had contributed greatly to the work of the Group. The Head of the Fiscal and Financial Branch then invited the Group to observe a minute of silence in tribute to the memory of Mr. Merghani.

8. The Group requested the Chairman to convey to Mr. Merghani's family its sympathy and condolences and its profound appreciation for the invaluable contribution Mr. Merghani had made to its work over the years.

9. During the meeting, the Group received from Mr. Pierre Kerlan, a former member of the Group and from Mr. Mitchell Carroll, President of the Fiscal Committee of the League of Nations from 1938 to 1946 and currently Honorary President of the International Fiscal Association, messages congratulating it on the completion of the United Nations Model Double Taxation Convention between Developed and Developing Countries.

10. Introducing the provisional agenda, the Head of the Fiscal and Financial Branch said that it had been prepared in the light of the aforementioned request of the Economic and Social Council contained in its decision 1978/14 and of the Secretary-General's desire to receive guidance regarding the future work programme on current urgent issues relating to international taxation, especially tax evasion. The Group adopted the following agenda:

1. Finalization of the United Nations draft Model Double Taxation Convention between Developed and Developing Countries

2. Future work on international taxation

3. Adoption of the report of the Group of Experts on its eighth meeting.
I. FINALIZATION OF THE UNITED NATIONS MODEL DOUBLE TAXATION CONVENTION BETWEEN DEVELOPED AND DEVELOPING COUNTRIES

11. The Group had before it a document entitled "United Nations Model Double Taxation Convention between Developed and Developing Countries", 1/ prepared by the Secretariat on the basis of guidance provided by the Drafting Committee set up by the Group at its seventh meeting, which had met at United Nations Headquarters in January 1979. The Drafting Committee had reviewed and finalized on behalf of the Group the guidelines the latter had adopted at its seven previous meetings with a view to their inclusion in the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries. 2/ The draft Model Convention consisted of two parts devoted respectively to the draft articles of the Convention and to the commentary thereon and preceded by an introduction. The introduction reviewed the origin of the Model Convention and described its original setting. The articles corresponded to the guidelines while the commentaries embodied a summary of the previous discussions of the Group. In those cases where the Group had decided after an in-depth consideration of the issues involved, that the guidelines should reproduce certain articles of the OECD Model Double Taxation Convention on Income and on Capital, the commentaries also incorporated the appropriate passages of the OECD commentaries.

12. The Group had also before it, as a supplement to the United Nations draft Model Double Taxation Convention, a document containing comments on the draft received from members of the Group, which could not be taken into account in preparing the draft because they were substantive in nature.

13. In order to facilitate its consideration of the articles of the draft Convention and the commentaries thereon, the Group of Experts decided to divide them into three categories:

(a) Articles reproducing guidelines that incorporated the text of articles of the OECD Model Convention and could be adopted either unchanged or with minor changes (arts. 1, 2, 3, 4, 6, 9, 15, 17, 23A, 23B, 24, 27, 28 and 29);

(b) Articles reproducing guidelines formulated by the Group of Experts which, judging from the comments submitted to the Secretariat by the members of the Group, would seem to require some clarification without further discussion (arts. 11 and 22);

(c) Articles reproducing guidelines formulated by the Group of Experts which, judging from the comments submitted to the Secretariat by the members of the Group, would seem to call for further discussion before finalization (arts. 5, 7, 8, 10, 12, 13, 14, 16, 18, 19, 20, 21, 25 and 26).

14. The articles and commentaries thereon in categories (a) and (b) adopted without change were articles 1, 3, 4, 6, 9, 15, 17, 22, 24, 27, 28 and 29. Those adopted with changes were articles 2, 11, 23A and 23B. The articles in category (c) were revised, sometimes quite substantially.

1/ To be issued subsequently as a United Nations publication.

15. The articles of the Model Convention and the commentaries thereon together with an introduction, as adopted by the Group of Experts, are reproduced in the document entitled "United Nations Model Double Taxation Convention between Developed and Developing Countries". 1/

16. At its eighth meeting, the Group made a number of amendments to the draft articles, which were, in most cases, designed to remove imprecision or ambiguity and not to change the substance of the articles concerned. In a few cases, however, substantive changes were made, representing the later thinking of the Group on the points affected. Amendments were also made to the draft commentaries. These too were for the most part designed merely to remove imprecisions and ambiguity and to improve the presentation of the background to the Model Convention. But again, in a number of cases, these amendments reflected differing views which might be held on the matters concerned and which had not been expressed, or had been expressed with less clarity, in the original version of the commentaries on the draft articles. In that connexion, the Group stressed that the earlier reports of the Group and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries 2/ included not only guidelines which, amended as deemed appropriate, had subsequently become the articles of the Model Convention, but also a considerable volume of other material that might be of assistance in the negotiation and implementation of such treaties and consequently contained much which was of continuing relevance.

17. During the Group's discussion it was observed that the United Nations Model Convention represented the outcome of a dispassionate, in-depth examination of the issues involved in international double taxation by high-level experts from both developed and developing countries acting in their personal capacity and expressing objective opinions based solely on technical considerations.

18. The Group stressed that the United Nations Model Convention represented a compromise between the source principle and the residence principle, although it gave more weight to the source principle than did the OECD Model Convention. As a correlative to the principle of taxation at source the articles of the Model Convention were predicted on the premise of the recognition by the source country that: (a) taxation of income from foreign capital would take into account expenses allocable to the earning of the income so that such income would be taxed on a net basis; (b) taxation would not be so high as to discourage investment; and (c) it would take into account the appropriateness of the sharing of revenue with the country providing the capital. In addition, the United Nations Model Convention embodied the idea that it would be appropriate for the residence country to extend a measure of relief from double taxation through either foreign tax credit or exemption as in the OECD Model Convention.

19. The Group observed that the growth of investment flows from developed to developing countries depended to a large extent on what had been referred to as the international investment climate. The prevention or elimination of international double taxation - that is the imposition of similar taxes in two or more States on the same taxpayer in respect of the same base - whose effects were harmful to the exchange of goods and services and to the movement of capital and persons, constituted a significant component of such a climate.

20. The Group noted that substantial progress towards the elimination of double taxation had been made through unilateral relief measures and more particularly through bilateral tax conventions, which had emerged since the 1960s as a salient
feature of inter-State economic relations. It pointed out that nevertheless only a relatively small number of treaties had been concluded between developed and developing countries, the reason probably being the fact, acknowledged in 1965 by the Fiscal Committee of the Organisation for Economic Co-operation and Development, that the traditional tax conventions "had not commended themselves to developing countries".

21. The Group recalled that the United Nations Model Convention had arisen from Economic and Social Council resolution 1273 (XLIII), and that in the elaboration of the guidelines on which it was based the Group had decided to use the OECD Model Convention as its main reference text in order to take advantage of the accumulated technical expertise embodied in that Convention and the commentary thereon, and also for reasons of practical convenience stemming from the fact that the Convention was being used by OECD member countries in the negotiation of tax treaties not only with each other but also with developing countries.

22. The Group emphasized that like all model conventions, the United Nations Model Convention would not be enforceable. Its provisions would not be binding and furthermore should not be construed as formal recommendations of the United Nations. Essentially the United Nations Model Convention would be intended primarily to help point the way towards feasible approaches to the resolution of the issues involved that both potential contracting parties would be likely to find acceptable. Its aim would be to facilitate the negotiation of tax treaties by eliminating the need for elaborate analysis and protracted discussion of every issue ab origine in the case of each treaty.

23. The Group observed that the conclusion of regional or subregional conventions for the avoidance of double taxation would not only increase the number of countries which were parties to a double taxation convention, but would also promote the co-ordination of tax policies and practices at the international level. The conclusion of such conventions would make it possible to harmonize tax rules and practices concerning basic definitions, procedures for identifying the source of taxable items, methods for the elimination of double taxation and so on. It would also make it possible for tax administrations to resort to a broader gamut of co-operation measures while enabling taxpayers in any State party to a multilateral convention to make wider use of the recourse procedures open to them by invoking the relevant provisions of the convention in other Contracting States.

24. The Group stressed that in using the Model Convention it was necessary to bear in mind that the relationship between treaties and domestic law might vary from country to country and that it was important to take that into account in the context of tax treaties. Tax treaties affected the tax rules prevailing under the domestic laws of the Contracting States by providing which Contracting States should have jurisdiction to subject a given income item to its national tax laws and under what conditions and with what limitations it might do so. Consequently, countries wishing to enter into bilateral tax treaty negotiations should analyse carefully the applicable provisions of their domestic tax laws in order to assess the modifications which could be introduced in their operations by the treaty. Domestic tax laws in turn would exert an influence on the content of bilateral tax treaties. Thus, although most existing bilateral tax treaties between OECD member countries conformed generally with the OECD Model Convention, there were often variations from one treaty to another due to differences in the domestic laws or treaty policies of the various Contracting States.
25. The Group further stressed that the general objectives of bilateral tax conventions included the full protection of taxpayers against direct or indirect double taxation, the encouragement of the free flow of international trade and investment and the transfer of technology and the promotion of co-operation between tax administrations. Such conventions were also designed to prevent discrimination between taxpayers in the international field. Bilateral tax conventions provided a framework of legal and fiscal certainty for international operations. Against such a background, tax treaties should contribute to the furtherance of the development aims of the developing countries.
II. FUTURE WORK ON INTERNATIONAL TAXATION

A. The problem of international tax evasion and avoidance

26. The discussion on future work on international taxation to be pursued after the completion of the work on double taxation focused on the desirability of studying the issue of international co-operation to combat tax evasion and avoidance.

27. It was observed that, at the national level, tax administrations had sought to solve the problem of tax evasion and avoidance by requiring the completion of certain formalities by taxpayers themselves (e.g. registration of conveyances) or by third parties (intermediaries such as notaries, banks, employers or debtors) and on the other hand by exercising very broad supervisory and investigatory powers. At the international level, however, tax administrations could not combat the types of tax evasion and avoidance that occurred outside their territorial jurisdiction. The ease and rapidity of communications, the progressive elimination of obstacles to the movement of persons or property and the expansion of international economic relations, combined with differences between national tax systems and hence in the tax burden from country to country, and with the growing sophistication of the techniques used to take advantage of legal loop-holes, had enabled an increasing number of individuals and companies to resort to tax evasion or tax avoidance. It was pointed out that published estimates covering the extent of revenue losses resulting from international tax evasion and avoidance were scarce. Nevertheless impressionistic evidence suggested that such losses were relatively substantial in both developing and developed countries. Those losses created serious and persistent budgetary problems.

B. International co-operation to combat tax evasion and avoidance

28. It was noted that the first instances of international co-operation in the field of taxation related to tax evasion, and that the first international treaty dealing with tax matters had been an agreement concerning mutual administrative assistance between France and Belgium signed on 12 August 1843. Shortly thereafter, Belgium had signed similar agreements with the Netherlands and Luxembourg. The Fiscal Committee of the League of Nations, established on 14 December 1928, had drawn attention in several of its reports to the desirability of simultaneously concluding treaties to settle the problems of both double taxation and tax evasion. At its meeting on 9 October 1936, the Assembly of the League of Nations had asked the Fiscal Committee to consider the problem of tax evasion. Pursuant to a request by the Assembly of the League of Nations, the Fiscal Committee had studied the question of tax evasion at its sixth session, held in 1936. In its report on that session, the Committee had dealt with existing tax evasion practices with particular reference to income securities. 3/ After

3/ League of Nations, "Report of the Fiscal Committee to the Council on the work of the sixth session of the Committee" (C.450.M.266.1936 II.A).

-7-
the winding up of the League of Nations and hence of its Fiscal Committee, the
question of tax evasion and avoidance had not been considered in depth in
international forums until the 1970s. Within the framework of efforts made at
the international level in the field of taxation a multilateral convention on
administrative assistance in tax matters between Denmark, Finland, Iceland,
Norway and Sweden had been signed on 9 November 1972, supplemented by a special
agreement in 1973 and amended by an additional agreement in 1976. The United
States of America had concluded with Canada, France and the United Kingdom
administrative arrangements concerning the simultaneous examination of
transnational enterprises. The European Economic Community had adopted on
10 February 1975 a resolution on the measures to be taken by the Community with
a view to combating international tax evasion and avoidance. Furthermore, the
Council of the Community had adopted on 19 December 1977 a directive concerning
mutual assistance by the competent authorities of member States with respect to
direct taxes. The Organisation for Economic Co-operation and Development had
adopted on 21 December 1977 a recommendation requesting member States to strengthen
their machinery for combating international tax evasion and avoidance, to encourage
the exchange of information between national tax administrations and to compare
their experience with regard to the practices and techniques used. The OECD
Committee on Fiscal Affairs had set up in 1977 a Working Party on Tax Avoidance
and Evasion to foster international co-operation against tax avoidance and evasion
across frontiers and exchange of experience on ways and means of combating them
at the domestic level. Another OECD Working Party was in the process of finalizing
a draft Model Convention for Mutual Administrative Assistance in Recovery of Tax
Claims, and the preparation of a draft bilateral or multilateral convention
covering both the assessment and collection of taxes (possibly including indirect
taxes) which would soon be considered.

29. It was also noted that in April 1978 the Parliamentary Assembly of the Council
of Europe had adopted recommendation 833 on co-operation between Council of Europe
member States against international tax avoidance and evasion. In that
recommendation the Assembly, inter alia, had expressed its concern at the increase
in tax avoidance and evasion reaching beyond the national borders of member
States, and the lack of efficient co-operation and mutual assistance between
European tax administrations in such a field. The Assembly had considered that
international tax avoidance and evasion practices caused serious budgetary losses
to Governments, breached the principle of fair taxation and distorted international
capital movements and the conditions of competition; the Assembly had also
considered that international co-operation in the tax field on the basis of
bilateral double taxation conventions had not proved sufficiently effective as an
instrument to fight international tax evasion. The Assembly had recommended that
the Council of Ministers:

"(a) Urge Governments of the Council of Europe member States to abolish
unduly strict rules on bank secrecy, wherever necessary, with a view to
facilitating investigations in cases of tax evasion or concealing income
arising from other criminal activities, while paying due regard to the
protection of individual privacy;

(b) Urge member States to refrain from creating special tax laws which
tend in practice to give undue tax favours to certain categories of companies
in respect of foreign earned income;"
(c) Take any other appropriate action with a view to making it more difficult for international firms to use tax haven countries inside or outside Europe for tax avoidance purposes;

(d) Promote an effective system for taxing multinational companies, with special regard to the problem of 'transfer-pricing';

(e) Make a study of the various forms of economic crime in order to facilitate the enforcement of national legislation and international co-operation in combating such crime;

(f) Invite the Governments of those member States which have not yet done so to sign the Additional Protocols to the European Conventions on Extradition and on Mutual Assistance in Criminal Matters, and to ratify them as soon as possible;

(g) Pay special attention to the increasing problem of fraudulent practices in connexion with the levying of indirect taxes, in particular those arising from the existence of internationally diverging value added tax rates.

The Assembly had further recommended that the Committee of Ministers initiate negotiations on the conclusion of a European multilateral agreement on mutual assistance between European tax administrations ...".

30. It was further noted that in September 1978, the Executive Committee of the European Trade Union Confederation had adopted "proposals and demands for combating international tax offences, tax fraud and tax evasion", in which it was proposed, inter alia, "that all European institutions co-operate as closely as possible in the efforts to combat tax offences, tax fraud and tax evasion, and endeavour to take joint action beyond national frontiers and beyond the frontiers of the European Community. The Commission of the European Communities should examine the possibility of developing a joint initiative on the basis of the recommendation adopted in April 1978 by the Parliamentary Assembly of the Council of Europe. The same applies as regards the work which OECD has been carrying out in this field for some time. The more the activities of multinational undertakings expand, the more urgent it becomes to have cross-frontier rules for tax inspection, which can only be implemented through close co-operation on the part of Governments and of their international institutions".

31. In June 1979, the Parliamentary Assembly of the Council of Europe had adopted a resolution in which it had expressed the view that a colloquy on international tax avoidance and evasion could make an essential contribution towards enlightening parliamentary and public opinion on the complex aspects of international tax avoidance and evasion - as well as related subjects such as bank secrecy and tax havens - and of the ways and means to combat tax offences, tax fraud and tax avoidance at the European and wider international levels. In the resolution, the Assembly had resolved to hold a colloquy on the general theme of "International tax avoidance and evasion practices and international co-operation against such practices, in particular within Europe" at Strasbourg, early in March 1980, to study, with the help of experts, the following topics in particular:

- Definition, scope and importance of international tax evasion;
- Definition, scope and importance of international tax avoidance;
Taxation levels and disparities in relation to the problem of tax avoidance and evasion;
Ways and means to improve European and wider international co-operation against tax evasion and avoidance, including those proposed in recommendation 833.

C. Suggestions for action

32. The suggestions for action, as approved by the Group, would involve the United Nations Secretariat and the Group of Experts (to be renamed the Group of Experts on International Taxation) which would act, inter alia, as a forum on international tax issues and for the formulation of appropriate tax policy suggestions which countries might find useful in their efforts to strengthen their tax administrations. The suggestions for action would include the preparation by the United Nations Secretariat of the following studies or surveys:

(a) A survey of devices used in developed and developing countries to evade or avoid taxes with regard to transactions occurring in an international context; among the matters to be considered in such a survey would be the following:

(i) Evasion or avoidance in or through international transactions by residents of the various countries;

(ii) Evasion or avoidance in or through international transactions by non-residents deriving income from sources within the various countries;

(iii) The evasion or avoidance problems particularly related to transfer pricing in international transactions;

(iv) The evasion or avoidance problems particularly related to the use of tax havens;

(v) The evasion or avoidance problems particularly related to the improper utilization by residents of one country of tax treaties between two other countries, and other abuses of tax treaties;

(b) A study of possible solutions to the matters of tax evasion and avoidance listed under (a) above; among the matters to be considered in such a study would be the following:

(i) A survey of the procedures and methods now being used in various countries to combat such tax evasion and avoidance;

(ii) An assessment of the need for changes in national tax laws, bilateral treaties or other national or international rules and procedures to assist in combating such tax evasion and avoidance;

(iii) A survey of situations in which exchanges of information on tax matters would be helpful in combating such tax evasion and avoidance, including an assessment of the effectiveness of existing bilateral and other arrangements concerning such exchange;
(c) A study of the feasibility of standardizing concepts, principles and criteria of interpretation in international taxation as a first step towards the possible drafting of an international convention on exchange of information for the prevention of tax evasion and avoidance;

(d) A survey of existing bilateral and multilateral arrangements concerning mutual administrative assistance for the collection of taxes, a critical assessment of their effectiveness and an evaluation of the feasibility of concluding such arrangements on a bilateral basis between developed and developing countries or on a multilateral basis with the participation of developing countries;

(e) The impact of direct taxation on international trade and transfer of technology;

(f) A study of the feasibility of establishing a direct tax co-operation council.

33. With regard to the latter suggestion, it was recalled that, at its seventh meeting, 4/ the Group of Experts had reached a consensus on the usefulness of a forum for sharing technical experience in the field of tax administration and had asked the United Nations Secretariat in close co-operation with competent intergovernmental organizations and tax administrations in both developed and developing countries to consider the possibility of undertaking preparatory work for such a project. In pursuance of that suggestion, a member of the Group had submitted to the 8th meeting a proposal concerning the preparatory work for the establishment of a direct tax co-operation council (ST/SG/AC.8/L.30).

34. It was noted in that document that the idea of establishing an international forum to deal with direct taxation problems and to create some degree of co-ordination and co-operation was not new, having been advocated, inter alia, by the Secretary of the Treasury of the United States of America in his address to the International Fiscal Association on 4 October 1971, by the Commissioner of Internal Revenue of the United States of America at the 9th meeting of the Inter-American Center of Tax Administrators (CIAT) at Ottawa, Canada, and by the Canadian Minister of National Revenue at the same meeting. It was also noted in that document that the Council of the European Economic Community had recognized that international tax evasion and avoidance had an international dimension and must be combated energetically at the international level. As a major initial step in that direction, the Council had agreed on a directive laying down arrangements for close collaboration between the revenue departments of member States in the field of direct taxation with a view to strengthening the drive to combat international tax evasion and avoidance.

35. It was likewise recalled in the document that the OECD Council had recommended to its member Governments that they co-operate more closely with each other in a common effort to prevent tax evasion and avoidance. Within the framework of that recommendation OECD had established a working party which organized meetings for tax inspectors and auditors from OECD member countries, thus enabling them for the first time to exchange views and experiences on the technical problems involved in tax administration.

4/ Tax Treaties between Developed and Developing Countries, Seventh Report (United Nations publication, Sales No. E.78.XVI.1).
36. It was proposed in the document that the council should consist of high officials of national tax administrations. The council would set up at least two committees: one to deal with matters concerning the classification of the tax base, categories of income, transfer of technology and services: and the other to deal with income assessment procedures. The council would be assisted by a technical committee which would deal with tax procedures, tax treaties, tax collection and enforcement, relations between tax administrations and taxpayers and similar tax administration matters. The council would appoint a general secretary who would head the secretariat of the council and be responsible for the smooth functioning of the council.

37. It was suggested in the document that the council might perform, *inter alia*, the following functions:

(a) Studying the variations in tax policies and establishing a basis for their eventual harmonization;

(b) Formulating a model tax code for the regulation of the substantive and procedural aspects of the relationship between taxpayers and tax authorities;

(c) Facilitating, improving and extending exchanges of information among tax administrators and promoting co-operation in combating tax evasion and avoidance;

(d) Continuously updating norms, definitions, classifications, rules, recommendations and guidelines;

(e) Acting in a conciliatory capacity in any dispute which might arise in the field of international taxation.

38. In introducing the above-mentioned document, the member of the Group who had prepared it stressed that it was intended to represent merely the broad outline of a suggestion, the feasibility of which should be studied by the United Nations Secretariat. The Group of Experts after debating the practicability of the suggestion, which some members considered too ambitious in its current form, indicated that the United Nations Secretariat might wish to add a study of its feasibility as *suggestion (f)* to the above-mentioned suggestions for action.

39. The Group noted that if the suggestions for action were approved by the Secretary-General and the Economic and Social Council, some of the studies would be submitted to the Group at its 9th meeting. At that meeting, the Group, using the studies as a basis for its work, would proceed to draft suggested approaches to the problems discussed in the studies and where appropriate to formulate guidelines. It was also agreed that at the 9th meeting and subsequent meetings, the Group would exchange views on the experience gained in the use of the United Nations Model Convention.

40. The Group emphasized the need for the United Nations Secretariat to inform on a regular basis developing countries about what was being done in other international bodies or forums.
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